



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, OCTOBER 17, 1997

AT
(202) 616-2771
TDD (202) 514-1888

JUSTICE DEPARTMENT REACHES AGREEMENT WITH WACHOVIA AND CENTRAL FIDELITY FOR DIVESTITURES IN THREE VIRGINIA MARKETS

WASHINGTON, D.C. -- The Department of Justice reached an agreement today with Wachovia Corporation and Central Fidelity Banks Inc. that will allow their proposed merger to go forward as long as Wachovia sells nine branch offices in three Virginia markets. By selling the offices--with total deposits of about \$217.9 million--the company will resolve antitrust concerns resulting from a joint investigation with the Office of the Virginia Attorney General.

According to the agreement, Wachovia Corporation will divest nine branches in order to resolve the Antitrust Division's concerns that the merger would lessen competition for banking services in certain areas of Virginia.

The divestiture will include branches in three Virginia markets, seven branches in Charlottesville, one branch in Farmville, and one branch in Culpeper.

"This merger presented a significant risk to the consumers of Virginia, who rely on competition among banks to provide them with the lowest rates on loans and the best service for their banking needs," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "The divestitures will ensure that individuals and small businesses alike receive substantial benefits of competition in banking services."

Wachovia announced its proposed acquisition of Central Fidelity several weeks after announcing its intent to acquire Charlottesville-based Jefferson National Bankshares. The proposed transactions raised significant anticompetitive concerns in areas of Virginia because of overlapping areas serviced by Central Fidelity and Jefferson National.

In addition to selling six Jefferson branch offices and three Central Fidelity branch offices, Wachovia agreed that it would not take steps to prevent other financial institutions from leasing or purchasing bank branches that Wachovia may close due to consolidation.

The Department said it will advise the Federal Reserve Board that, subject to divestiture of the branch offices and associated loans and deposits, the Division will not challenge the merger. Subject to regulatory approvals, the nine branches and associated loans and deposits that Wachovia will divest will be sold to a competitively suitable buyer.

Wachovia is based in Winston-Salem, North Carolina, and Central Fidelity is based in Richmond, Virginia. Wachovia's acquisition of Central Fidelity and Jefferson National will make it the largest bank in Virginia, with 326 branches and \$9.7 billion in deposits.

The proposed merger of Wachovia and Central Fidelity is subject to approval by the Board of Governors of the Federal Reserve System.

###